

AMENDED IN SENATE APRIL 23, 2001

SENATE BILL

No. 1181

**Introduced by Committee on Revenue and Taxation (Senators
Scott (Chair), Alpert, Bowen, and Burton)**

February 28, 2001

An act to amend Section 51142 of the Government Code, and to amend Sections ~~63.1, 69.4, 205.5, 833, 75.11, 170, 205.5, 532, 830, 830.1, 1606, 5814, 11338, and 11339 of, and to add Section 74.7 to,~~ the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 1181, as amended, Committee on Revenue and Taxation. Taxation.

(1) Existing law requires the county assessor to reassess any rezoned parcel in a timberland production zone on the basis of the value of the property in its rezoned use. Existing law allows the owner of the parcel to appeal this new valuation.

This bill would require the application for an appeal to be filed no later than 60 days after the date of the mailing of the notice certifying the new valuation.

Existing law imposes a tax recoupment fee upon the owner of a parcel in a timberland reduction upon the immediate rezoning of that parcel.

This bill would provide that the tax recoupment fee is due 60 days after mailing of notice of the amount due, instead of 60 days after receipt of the notice.

(2) ~~The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property. For purposes of this limitation, "full cash value" is defined as the assessor's valuation of real property as shown on the 1975-76 tax bill under "full~~

cash value” or, thereafter, the appraised value of that real property when purchased, newly constructed, or a change in ownership has occurred. The California Constitution also excludes certain transfers from classification as a “purchase” or “change in ownership.” Among these exclusions, the California Constitution excludes from classification as a “purchase” or “change in ownership” the purchase or transfer of the principal residence of the transferor, or the purchase or transfer of the first \$1,000,000 of all other real property, in the case of a purchase or transfer between parents and their children, or grandparents and their grandchildren, as defined by the Legislature.

This bill would, for purposes of specified exclusions from classification as a “purchase” or “change in ownership,” clarify that “real property” includes manufactured homes subject to property taxation. The bill would, with respect to the exclusion of a transfer between parents and their children, or grandparents and their grandchildren, also specify conditions under which a transferee may rescind a claim for the exclusion. By imposing new duties upon local assessors in the processing of rescission claims, this bill would impose a state-mandated local program.

(3) The California Constitution authorizes the Legislature to allow persons whose property was rendered uninhabitable or unusable by contamination to either transfer the base assessed value of their property to replacement property, or to have repair or replacement of their property excluded from classification as “new construction to be reappraised for tax purposes.”

This bill would modify statutes implementing this value transfer and exclusion authority to set forth specific definitions and procedures, and to statutorily specify that a county board of supervisors may adopt a resolution making the transfer provisions applicable to replacement properties acquired to replace qualified contaminated properties located in another county within California, as specified.

(4) Existing property tax law provides for supplemental tax assessments if a change in ownership occurs, or new construction is completed, between property tax lien dates. Existing property tax law specifies different limitation periods for making of supplemental assessments, depending upon the circumstances of the assessment, including, among others, 4-year and 6-year limitation periods.

This bill would require these limitation periods to be measured from the year in which the event giving rise to the supplemental assessment

occurred, rather than from the year in which any of certain filings was made with respect to that event.

(3) Existing law authorizes a county board of supervisors to provide by ordinance for the reassessment of property that is damaged or destroyed, without fault on the part of the assessee, by a major misfortune or calamity, upon the application of the assessee or upon the action of the county assessor with the board's approval, where the value of the damage or destruction exceeds \$5,000. Existing law requires the application to be fixed within the time specified in the ordinance, or if no time is specified, within 60 days of the misfortune or calamity.

This bill would allow counties to grant assessors additional powers to initiate reassessment, increase the required value of the damage or destruction to a minimum of \$10,000, extend the 60-day period in which an applicant may file for reassessment to one year, and make related changes. By requiring local tax officials to provide a higher level of service with respect to reassessment appeals, this bill would impose a state-mandated local program.

(4) Existing property tax law provides that an escape assessment may be levied for every year that property escaped taxation or was underassessed following a change in ownership, if either a change in ownership statement was not filed or a certain penalty applies.

This bill would additionally apply this escape assessment authority to property that has escaped taxation or has been underassessed following a change in control.

(5) The California Constitution requires the State Board of Equalization to annually value and assess specified unitary property that is located in 2 or more counties, as well as property owned and used by regulated railways, telegraph and telephone companies, car companies operating on railways in this state, and companies selling or transmitting electricity in this state.

Existing property tax law requires a state assessee, upon the board's request and in compliance with the applicable of certain deadlines, to file a property tax statement relating to its state-assessed property. Existing law imposes penalties upon a taxpayer's failure to timely file a required property statement, including a penalty of 10% of unitary value with respect to that part of the property statement relating to the development of the unitary value of operating property, and a penalty of 10% of the allocated value of property with respect to that part of the property statement that lists or describes specific operating property.



This bill would, for purposes of imposing these penalties, clarify that “specific operating property” does not include “property relating to the development of the unit value of operating property.”

Existing property law allows a state assessee, upon a showing of good cause, to receive a 45-day extension for filing the portion of a property statement relative to “property relating to the development of the unit value of operating property,” and a 30-day extension of time for filing on the portion of a property tax statement relating to “specific operating property.”

This bill would clarify that the category “specific operating property” does not include “property relating to the development of the unit value of operating property.”

This bill would make legislative findings and declarations that the clarifications made by these provisions are declaratory of existing law.

(6) Existing property tax law provides, pursuant to the authorization of the California Constitution, for the exemption from property taxation of the home of a disabled veteran, or a veteran’s spouse in the case in which the veteran has, as a result of a service-connected disease or injury, died while on active duty in military service. Existing property tax law specifies an exemption amount of \$40,000 and increases that amount to \$100,000 in the case in which the disabled veteran is completely disabled. Existing law increases these amounts to \$60,000 and \$150,000, respectively, if the exemption claimant’s income does not exceed \$40,000 as adjusted by a specified inflation factor.

This bill would revise and recast this inflation factor to be derived from price index changes over a different annual period.

~~(5) Existing law provides that all assessment information required by the State Board of Equalization from an owner of state-assessed property, or furnished in a property statement to that board, is confidential.~~

~~This bill would require county assessors and auditors that receive the assessment information from the board to maintain the confidentiality of that information.~~

~~(6)~~

(7) Existing property tax law provides for the exchange of information between the parties to an assessment appeals hearing, and sets forth procedures for that exchange.

This bill would revise these procedures by, among other things, requiring the initiating party to submit the requisite data to the other party and the clerk at least 30 days before the commencement of the

hearing date, and requiring the responding party to provide the requisite information at least 15 days prior to the hearing.

~~(7)~~

(8) Existing law establishes procedures for challenging the assessment of private railroad cars, including a procedure that requires an owner or lessee, prior to filing a petition for reassessment, to file a declaration of intent to file that petition.

This bill would delete the requirement that an owner or lessee file a declaration of intent to petition for reassessment prior to filing that petition. This bill would also allow a petition for reassessment, with respect to an assessment made outside the regular assessment period, to be filed on or before the 50th day, rather than the 30th day, following the date of the notice of assessment.

~~(8)~~

(9) Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.

This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

~~(9)~~

(10) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.



The people of the State of California do enact as follows:

SECTION 1. Section 51142 of the Government Code is amended to read:

51142. (a) Upon immediate rezoning of a parcel in a timberland production zone, a tax recoupment fee shall be imposed on the owner of the land. Within 90 days following rezoning of land in the timberland production zone the county assessor shall reassess the rezoned parcels on the basis of the value of the property in its rezoned use. The assessor shall certify this value to the owner of the land and to the county auditor. The owner may appeal this new valuation in the same manner as an assessment appeal. The application for an appeal shall be filed with the clerk no later than 60 days after the date of the mailing of the notice certifying the new valuation. Except when under an appeal, after the certification the auditor shall, in cases of immediate rezoning, within 10 days compute the tax recoupment fee and certify the amount to the tax collector. The tax collector shall notify the owner in writing of the amount and due date of the fee. Fees shall be due 60 days after mailing of notification.

(b) The tax recoupment fee shall apply only in cases of immediate rezoning and shall be a multiple of the difference between the amount of the tax last levied against the property when zoned as timberland production and the amount equal to the assessed valuation of the rezoned property times the tax rate of the current levy for the tax rate area, that multiple to be chosen from the following table according to subdivision (c):

Year	Multiple
1	1.06000
2	2.18360
3	3.37462
4	4.63709
5	5.97332
6	7.39384
7	8.89747
8	10.49132
9	12.18080
10	13.97164

(c) The multiple shall correspond to the number of years or fraction thereof, but in no event greater than 10, for which the land was zoned as timberland production or was subject to a contract under Chapter 7 (commencing with Section 51200).

(d) Tax recoupment fees imposed pursuant to this section shall be due and payable to the county in which the rezoning has taken place.

(e) In cases of immediate rezoning, an owner may submit a written application, requesting the waiver of tax recoupment fees and explaining the reasons therefor, to either the State Board of Equalization or, where the county board of supervisors has adopted an authorizing resolution, to the county board of supervisors. The board receiving an application pursuant to this subdivision may, if it determines that it is in the public interest, waive all or any portion of the fees.

~~SEC. 2. Section 63.1 of the Revenue and Taxation Code is amended to read:~~

~~63.1. (a) Notwithstanding any other provision of this chapter, a change in ownership shall not include the following purchases or transfers for which a claim is filed pursuant to this section:~~

~~(1) The purchase or transfer of real property which is the principal residence of an eligible transferor in the case of a purchase or transfer between parents and their children.~~

~~(2) The purchase or transfer of the first one million dollars (\$1,000,000) of full cash value of all other real property of an eligible transferor in the case of a purchase or transfer between parents and their children.~~

~~(3) (A) Subject to subparagraph (B), the purchase or transfer of real property described in paragraphs (1) and (2) of subdivision (a) occurring on or after March 27, 1996, between grandparents and their grandchild or grandchildren, if all of the parents of that grandchild or those grandchildren, who qualify as the children of the grandparents, are deceased as of the date of purchase or transfer.~~

~~(B) A purchase or transfer of a principal residence shall not be excluded pursuant to subparagraph (A) if the transferee grandchild or grandchildren also received a principal residence, or interest therein, through another purchase or transfer that was excludable pursuant to paragraph (1) of subdivision (a). The full cash value of any real property, other than a principal residence, that was~~

~~transferred to the grandchild or grandchildren pursuant to a purchase or transfer that was excludable pursuant to paragraph (2) of subdivision (a) and the full cash value of a principal residence that fails to qualify for exclusion as a result of the preceding sentence shall be included in applying, for purposes of paragraph (2) of subdivision (a), the one million dollar (\$1,000,000) full cash value limit specified in paragraph (2) of subdivision (a).~~

~~(b) (1) For purposes of paragraph (1) of subdivision (a), “principal residence” means a dwelling for which a homeowners’ exemption or a disabled veterans’ residence exemption has been granted in the name of the eligible transferor. “Principal residence” includes only that portion of the land underlying the principal residence that consists of an area of reasonable size that is used as a site for the residence.~~

~~(2) For purposes of paragraph (2) of subdivision (a), the one million dollar (\$1,000,000) exclusion shall apply separately to each eligible transferor with respect to all purchases by and transfers to eligible transferees on and after November 6, 1986, of real property, other than the principal residence, of that eligible transferor. The exclusion shall not apply to any property in which the eligible transferor’s interest was received through a transfer, or transfers, excluded from change in ownership by the provisions of either subdivision (f) of Section 62 or subdivision (b) of Section 65, unless the transferor qualifies as an original transferor under subdivision (b) of Section 65. In the case of any purchase or transfer subject to this paragraph involving two or more eligible transferors, the transferors may elect to combine their separate one million dollar (\$1,000,000) exclusions and, upon making that election, the combined amount of their separate exclusions shall apply to any property jointly sold or transferred by the electing transferors, provided that in no case shall the amount of full cash value of real property of any one eligible transferor excluded under this election exceed the amount of the transferor’s separate unused exclusion on the date of the joint sale or transfer.~~

~~(c) As used in this section:~~

~~(1) “Purchase or transfer between parents and their children” means either a transfer from a parent or parents to a child or children of the parent or parents or a transfer from a child or children to a parent or parents of the child or children. For purposes of this section, the date of any transfer between parents and their~~

1 ~~children under a will or intestate succession shall be the date of the~~
2 ~~decedent's death, if the decedent died on or after November 6,~~
3 ~~1986.~~

4 ~~(2) "Purchase or transfer of real property between~~
5 ~~grandparents and their grandchild or grandchildren" means a~~
6 ~~purchase or transfer on or after March 27, 1996, from a~~
7 ~~grandparent or grandparents to a grandchild or grandchildren if all~~
8 ~~of the parents of that grandchild or those grandchildren who~~
9 ~~qualify as the children of the grandparents are deceased as of the~~
10 ~~date of the transfer. For purposes of this section, the date of any~~
11 ~~transfer between grandparents and their grandchildren under a will~~
12 ~~or by intestate succession shall be the date of the decedent's death.~~

13 ~~(3) "Children" means any of the following:~~

14 ~~(A) Any child born of the parent or parents, except a child, as~~
15 ~~defined in subparagraph (D), who has been adopted by another~~
16 ~~person or persons.~~

17 ~~(B) Any stepchild of the parent or parents and the spouse of that~~
18 ~~stepchild while the relationship of stepparent and stepchild exists.~~
19 ~~For purposes of this paragraph, the relationship of stepparent and~~
20 ~~stepchild shall be deemed to exist until the marriage on which the~~
21 ~~relationship is based is terminated by divorce, or, if the~~
22 ~~relationship is terminated by death, until the remarriage of the~~
23 ~~surviving stepparent.~~

24 ~~(C) Any son-in-law or daughter-in-law of the parent or parents.~~
25 ~~For the purposes of this paragraph, the relationship of parent and~~
26 ~~son-in-law or daughter-in-law shall be deemed to exist until the~~
27 ~~marriage on which the relationship is based is terminated by~~
28 ~~divorce or, if the relationship is terminated by death, until the~~
29 ~~remarriage of the surviving son-in-law or daughter-in-law.~~

30 ~~(D) Any child adopted by the parent or parents pursuant to~~
31 ~~statute, other than an individual adopted after reaching the age of~~
32 ~~18 years.~~

33 ~~(4) "Grandchild" or "grandchildren" means any child or~~
34 ~~children of the child or children of the grandparent or~~
35 ~~grandparents.~~

36 ~~(5) "Full cash value" means full cash value, as defined in~~
37 ~~Section 2 of Article XIII A of the California Constitution and~~
38 ~~Section 110.1, with any adjustments authorized by those sections,~~
39 ~~and the full value of any new construction in progress, determined~~
40 ~~as of the date immediately prior to the date of a purchase by or~~

~~transfer to an eligible transferee of real property subject to this section.~~

~~(6) “Eligible transferor” means a grandparent, parent, or child of an eligible transferee.~~

~~(7) “Eligible transferee” means a parent, child, or grandchild of an eligible transferor.~~

~~(8) “Real property” means real property as defined in Section 104. Real property does not include any interest in a legal entity.~~

~~(9) “Transfer” includes, and is not limited to, any transfer of the present beneficial ownership of property from an eligible transferor to an eligible transferee through the medium of an inter vivos or testamentary trust.~~

~~(10) “Social security number” also includes a taxpayer identification number issued by the Internal Revenue Service in the case in which the taxpayer is a foreign national who cannot obtain a social security number.~~

~~(d) (1) The exclusions provided for in subdivision (a) shall not be allowed unless the eligible transferee, the transferee’s legal representative, or the executor or administrator of the transferee’s estate files a claim with the assessor for the exclusion sought and furnishes to the assessor each of the following:~~

~~(A) A written certification by the transferee, the transferee’s legal representative, or the executor or administrator of the transferee’s estate made under penalty of perjury that the transferee is a grandparent, parent, child, or grandchild of the transferor. In the case of a grandparent-grandchild transfer, the written certification shall also include a certification that all the parents of the grandchild or grandchildren who qualify as children of the grandparents were deceased as of the date of the purchase or transfer and that the grandchild or grandchildren did or did not receive a principal residence excludable under paragraph (1) of subdivision (a) from the deceased parents, and that the grandchild or grandchildren did or did not receive real property other than a principal residence excludable under paragraph (2) of subdivision (a) from the deceased parents. The claimant shall provide legal substantiation of any matter certified pursuant to this subparagraph at the request of the county assessor.~~

~~(B) A copy of a written certification by the transferor, the transferor’s legal representative, or the executor or administrator of the transferor’s estate made under penalty of perjury that the~~

1 transferor is a grandparent, parent, or child of the transferee. The
2 written certification shall also include either or both of the
3 following:

4 (i) If the purchase or transfer of real property includes the
5 purchase or transfer of residential real property, a certification that
6 the residential real property is or is not the transferor's principal
7 residence.

8 (ii) If the purchase or transfer of real property includes the
9 purchase or transfer of real property other than the transferor's
10 principal residence, a certification that other real property of the
11 transferor that is subject to this section has or has not been
12 previously sold or transferred to an eligible transferee, the total
13 amount of full cash value, as defined in subdivision (c), of any real
14 property subject to this section that has been previously sold or
15 transferred by that transferor to eligible transferees, the location of
16 that real property, the social security number of each eligible
17 transferor, and the names of the eligible transferees of that
18 property.

19 (2) If the full cash value of the real property purchased by or
20 transferred to the transferee exceeds the permissible exclusion of
21 the transferor or the combined permissible exclusion of the
22 transferors, in the case of a purchase or transfer from two or more
23 joint transferors, taking into account any previous purchases by or
24 transfers to an eligible transferee from the same transferor or
25 transferors, the transferee shall specify in his or her claim the
26 amount and the allocation of the exclusion he or she is seeking.
27 Within any appraisal unit, as determined in accordance with
28 subdivision (d) of Section 51 by the assessor of the county in which
29 the real property is located, the exclusion shall be applied only on
30 a pro rata basis, however, and shall not be applied to a selected
31 portion or portions of the appraisal unit.

32 (c) (1) The State Board of Equalization shall design the form
33 for claiming eligibility. Except as provided in paragraph (2), any
34 claim under this section shall be filed:

35 (A) For transfers of real property between parents and their
36 children occurring prior to September 30, 1990, within three years
37 after the date of the purchase or transfer of real property for which
38 the claim is filed.

39 (B) For transfers of real property between parents and their
40 children occurring on or after September 30, 1990, and for the

~~purchase or transfer of real property between grandparents and their grandchildren occurring on or after March 27, 1996, within three years after the date of the purchase or transfer of real property for which the claim is filed, or prior to transfer of the real property to a third party, whichever is earlier.~~

~~(C) Notwithstanding subparagraphs (A) and (B), a claim shall be deemed to be timely filed if it is filed within six months after the date of mailing of a notice of supplemental or escape assessment, issued as a result of the purchase or transfer of real property for which the claim is filed.~~

~~(2) In the case in which the real property subject to purchase or transfer has not been transferred to a third party, a claim for exclusion under this section that is filed subsequent to the expiration of the filing periods set forth in paragraph (1) shall be considered by the assessor, subject to all of the following conditions:~~

~~(A) Any exclusion granted pursuant to that claim shall apply commencing with the lien date of the assessment year in which the claim is filed.~~

~~(B) Under any exclusion granted pursuant to that claim, the adjusted full cash value of the subject real property in the assessment year described in subparagraph (A) shall be the adjusted base year value of the subject real property in the assessment year in which the excluded purchase or transfer took place, factored to the assessment year described in subparagraph (A) for both of the following:~~

~~(i) Inflation as annually determined in accordance with paragraph (1) of subdivision (a) of Section 51.~~

~~(ii) Any subsequent new construction occurring with respect to the subject real property.~~

~~(3) (A) Unless otherwise expressly provided, the provisions of this subdivision shall apply to any purchase or transfer of real property that occurred on or after November 6, 1986.~~

~~(B) Paragraph (2) shall apply to purchases or transfers between parents and their children that occurred on or after November 6, 1986, and to purchases or transfers between grandparents and their grandchildren that occurred on or after March 27, 1996.~~

~~(4) For purposes of this subdivision, a transfer of real property to a parent or child of the transferor shall not be considered a transfer to a third party.~~

~~(f) The assessor shall report quarterly to the State Board of Equalization all purchases or transfers, other than purchases or transfers involving a principal residence, for which a claim for exclusion is made pursuant to subdivision (d). Each report shall contain the assessor's parcel number for each parcel for which the exclusion is claimed, the amount of each exclusion claimed, the social security number of each eligible transferor, and any other information the board shall require in order to monitor the one million dollar (\$1,000,000) limitation in paragraph (2) of subdivision (a).~~

~~(g) This section shall apply to both voluntary transfers and transfers resulting from a court order or judicial decree. Nothing in this subdivision shall be construed as conflicting with paragraph (1) of subdivision (c) or the general principle that transfers by reason of death occur at the time of death.~~

~~(h) (1) Except as provided in paragraph (2), this section shall apply to purchases and transfers of real property completed on or after November 6, 1986, and shall not be effective for any change in ownership, including a change in ownership arising on the date of a decedent's death, that occurred prior to that date.~~

~~(2) This section shall apply to purchases or transfers of real property between grandparents and their grandchildren occurring on or after March 27, 1996, and, with respect to purchases or transfers of real property between grandparents and their grandchildren, shall not be effective for any change in ownership, including a change in ownership arising on the date of a decedent's death, that occurred prior to that date.~~

~~(i) (1) A transferee may rescind a claim for the exclusion from change in ownership provided by this section, and shall not be considered to have received the exclusion provided by subdivision (a), if a written notice of reseission is delivered to the office of the assessor in which the original claim was filed and all of the following have occurred:~~

~~(A) The notice is signed by both (i) the eligible transferee, the transferee's legal representative, or the executor or administrator of the transferee's estate, and (ii) the transferor, the transferor's legal representative, or the executor or administrator of the transferor's estate.~~

~~(B) The notice is filed within four years of the date of purchase or transfer of the real property for which the transferee seeks to~~

1 rescind the exclusion, or prior to transfer of the real property to a
2 third party, whichever is earlier. Nothing in this subdivision may
3 be construed as conflicting with paragraph (1) of subdivision (e);
4 or the general principle that transfers by reason of death occur at
5 the time of death.

6 (C) The notice is accompanied by the payment of a fee as the
7 assessor may require. However, the fee may not exceed an amount
8 reasonably related to the estimated cost of processing a rescission
9 claim, including both direct costs and developmental and indirect
10 costs, such as costs for overhead, personnel, supplies, materials,
11 office space, and computers.

12 (2) If the excluded transfer was reported to the State Board of
13 Equalization pursuant to subdivision (f), the assessor shall notify
14 the board that the exclusion has been rescinded. The board may
15 specify that information necessary to fully identify the rescinded
16 exclusion.

17 (3) This subdivision applies to both voluntary rescissions and
18 rescissions resulting from a court order or judicial decree.

19 (4) Upon the rescission of a claim for an exclusion on real
20 property, the assessor shall establish a new base year value as of
21 the date of purchase or transfer for which the original claim was
22 filed, and shall apply escape and supplemental assessments on the
23 property, as necessary, including the imposition of interest.

24 (5) The State Board of Equalization shall design the form for
25 the rescission of claim for the exclusion.

26 (6) A claim for rescission pursuant to this subdivision shall be
27 filed within four years of the date of purchase or transfer of the real
28 property, including the date of transfers, as defined by paragraph
29 (1) of subdivision (e), for real property in which a transferee seeks
30 to rescind a claim for the exclusion.

31 SEC. 3. Section 69.4 of the Revenue and Taxation Code is
32 amended to read:

33 69.4. (a) Notwithstanding any other provision of law,
34 pursuant to the authority of subdivision (i) of Section 2 of Article
35 XIII A of the California Constitution, the base year value of
36 qualified contaminated property may be transferred, subject to the
37 conditions and limitations provided in this section, to a
38 comparable replacement property of equal or lesser value that is
39 acquired or newly constructed as a replacement for the

1 contaminated property, pursuant to subparagraph (A) of paragraph
2 1 of that subdivision.

3 (b) The base year value of the original property shall be the base
4 year value of the original property as determined in accordance
5 with Section 110.1, with the inflation factor adjustments permitted
6 by subdivision (f) of Section 110.1. The base year value of the
7 original property shall also include any inflation factor
8 adjustments permitted by subdivision (f) of Section 110.1 up to the
9 date the replacement property is acquired or newly constructed,
10 regardless of whether the claimant continued to own the original
11 property during this entire period. The base year or years used to
12 compute the base year value of the original property shall be
13 deemed to be the base year or years of any property to which that
14 base year value is transferred pursuant to this section.

15 (c) A county board of supervisors may adopt a resolution
16 making the provisions of this section applicable to replacement
17 properties acquired to replace qualified contaminated properties
18 located in another county within this state. A resolution adopted
19 pursuant to this paragraph applies only if it complies with all of the
20 following requirements:

21 (1) The resolution is adopted only after consultation between
22 the board of supervisors and all other local affected agencies
23 within the county's boundaries.

24 (2) The resolution requires that all claims for transfers of base
25 year value from qualified contaminated property located in
26 another county be granted if the claims meet the applicable
27 requirements of both subdivision (i) of Section 2 of Article XIII A
28 of the California Constitution and this section.

29 (3) The resolution provides that its provisions shall remain
30 operative for a period of not less than five years.

31 (4) The resolution specifies the date on and after which its
32 provisions shall apply. However, the date specified may not be
33 earlier than November 3, 1998. The specified applicable date may
34 be a date earlier than the date the county adopts the ordinance.

35 (d) If the owner or owners of the qualified contaminated
36 property receive property tax relief under this section, that
37 property is not eligible for property tax relief under Section 74.7.

38 (e) For purposes of this section:

1 ~~(1) “Equal or lesser value” means that the amount of the full~~
2 ~~cash value of a replacement property does not exceed one of the~~
3 ~~following:~~

4 ~~(A) One hundred five percent of the amount of the full cash~~
5 ~~value of the original property if the replacement property is~~
6 ~~purchased or newly constructed within the first year following the~~
7 ~~date of the sale of the original property.~~

8 ~~(B) One hundred ten percent of the amount of the full cash~~
9 ~~value of the original property if the replacement property is~~
10 ~~purchased or newly constructed within the second year following~~
11 ~~the date of the sale of the original property.~~

12 ~~(C) One hundred fifteen percent of the amount of the full cash~~
13 ~~value of the original property if the replacement property is~~
14 ~~purchased or newly constructed within the third year following the~~
15 ~~date of the sale of the original property.~~

16 ~~(D) One hundred twenty percent of the amount of the full cash~~
17 ~~value of the original property if the replacement property is~~
18 ~~purchased or newly constructed within the fourth year following~~
19 ~~the date of the sale of the original property.~~

20 ~~(E) One hundred twenty-five percent of the amount of the full~~
21 ~~cash value of the original property if the replacement property is~~
22 ~~purchased or newly constructed within the fifth year following the~~
23 ~~date of the sale of the original property.~~

24 ~~For purposes of this paragraph, except as provided in paragraph~~
25 ~~(4) of subdivision (g), if the replacement property is, in part,~~
26 ~~purchased and, in part, newly constructed, the date the~~
27 ~~replacement property is “acquired or newly constructed” is the~~
28 ~~date of acquisition of the date of completion of construction,~~
29 ~~whichever is later.~~

30 ~~(2) “Fair market value of the replacement property” means its~~
31 ~~full cash value, determined in accordance with Section 110.1, as~~
32 ~~of the date on which it was acquired or new construction was~~
33 ~~completed. If the replacement property is, in part, acquired and, in~~
34 ~~part, newly constructed, “fair market value of the replacement~~
35 ~~property” means the full cash value of the land as of the date it was~~
36 ~~acquired, plus the fair market value of the new construction as of~~
37 ~~the date of completion.~~

38 ~~(3) “Fair market value of the qualified contaminated property”~~
39 ~~means its full cash value if that property were not contaminated;~~

1 ~~determined in accordance with Section 110.1, as of the date of its~~
2 ~~sale or transfer by the claimant.~~

3 ~~(4) “Claimant” means any owner of qualified contaminated~~
4 ~~property claiming the property tax relief provided by this section.~~

5 ~~(5) “Comparable replacement property” means a property that~~
6 ~~is similar in utility and function to the property that it replaces.~~

7 ~~(A) Property is similar in utility if it is, or is intended to be, used~~
8 ~~in the same manner as the qualified contaminated property.~~

9 ~~(B) Property is similar in function if the replacement property~~
10 ~~is subject to similar governmental restrictions, such as zoning.~~

11 ~~(f) (1) A claimant is not be eligible for the property tax relief~~
12 ~~provided by this section, unless the claimant provides to the~~
13 ~~assessor, on a form that the assessor shall make available upon~~
14 ~~request, all of the following information:~~

15 ~~(A) The name of each claimant who was a record owner of the~~
16 ~~qualified contaminated property at the time of its sale or is a record~~
17 ~~owner of the replacement property.~~

18 ~~(B) Proof that the claimant did not participate or acquiesce in~~
19 ~~any act or omission that rendered the real property uninhabitable~~
20 ~~or unusable, as applicable, or is related to any individual or entity~~
21 ~~that committed that act or omission.~~

22 ~~(C) Proof that the qualified contaminated property has been~~
23 ~~designated as a toxic or environmental hazard or as an~~
24 ~~environmental cleanup site by an agency of the State of California~~
25 ~~or the federal government.~~

26 ~~(D) The address and, if known, the assessor’s parcel number of~~
27 ~~the qualified contaminated property.~~

28 ~~(E) The date of the claimant’s sale of the qualified~~
29 ~~contaminated property and the date of the claimant’s purchase or~~
30 ~~new construction of a replacement property.~~

31 ~~(2) The State Board of Equalization shall design the form to~~
32 ~~claim eligibility for property tax relief. Any claim shall be filed~~
33 ~~within three years of the date the replacement property was~~
34 ~~purchased or the new construction of the replacement property was~~
35 ~~completed.~~

36 ~~(g) (1) Upon the timely filing of a claim, the assessor shall~~
37 ~~adjust the new base year value of the replacement property in~~
38 ~~conformity with this section. This adjustment shall be made as of~~
39 ~~the later of either the date the replacement property is acquired or~~

~~the date the new construction of the replacement property is completed.~~

~~(2) Any taxes that were levied on the replacement property prior to the filing of the claim on the basis of the replacement property's new base year value, and any allowable annual adjustments thereto, shall be canceled or refunded to the claimant to the extent that the taxes exceed the amount that would be due when determined on the basis of the adjusted new base year value.~~

~~(3) Notwithstanding Section 75.10, Chapter 3.5 (commencing with Section 75) shall be utilized for purposes of implementing this subdivision, including adjustments of the new base year value of replacement properties acquired prior to the sale or transfer of the qualified contaminated property.~~

~~(4) In the case where a claim under this section has been timely filed and granted, and new construction is performed upon the replacement property subsequent to the transfer of base year value, the property tax relief provided by this section also shall apply to the replacement property, as improved, and there shall be no reassessment upon completion of the new construction if both of the following conditions are met:~~

~~(A) The new construction is completed within five years of the date of the sale or transfer of the qualified contaminated property and the owner notifies the assessor in writing of completion of the new construction within 30 days after completion.~~

~~(B) The fair market value of the new construction on the date of completion, plus the full cash value of the replacement property on the date of acquisition, is not more than the full cash value of the qualified contaminated property as determined pursuant to paragraph (3) of subdivision (c) for purposes of granting the original claim.~~

~~(h) This section applies only to replacement property that is acquired or newly constructed on or after January 1, 1995.~~

~~SEC. 4. Section 74.7 is added to the Revenue and Taxation Code, to read:~~

~~74.7. (a) For purposes of subparagraph (B) of paragraph (1) of subdivision (i) of Section 2 of Article XIII A of the California Constitution, where remediation of the environmental problems on qualified contaminated real property requires the destruction of, or results in substantial damage to, a structure located on that property, "new construction" does not include the repair of a~~

1 substantially damaged structure, or the construction of a structure
2 replacing a destroyed structure on the qualified property,
3 performed after the remediation of the environmental problems on
4 that property, provided that the repaired or replacement structure
5 is similar in size, utility, and function to the original structure.

6 (b) For purposes of this section:

7 (1) “Similar in function” means the replacement structure is
8 subject to similar governmental restrictions, including zoning.

9 (2) “Similar in size and utility” means the size and utility of the
10 structure are interrelated and associated with value. A structure is
11 similar in size and utility only to the extent that the replacement
12 structure is, or is intended to be, used in the same manner as the
13 structure on the contaminated property (for example,
14 single-family residential and duplex, multifamily residential other
15 than duplexes, commercial, industrial, or agricultural) and its full
16 cash value does not exceed 120 percent of the full cash value of the
17 replaced structure if that property were not contaminated.

18 (A) A replacement structure, or any portion thereof, used or
19 intended to be used for a purpose substantially different than the
20 use made of the replaced structure, shall be considered, to the
21 extent of the dissimilar use, not similar in utility.

22 (B) A replacement structure or portion thereof that satisfies the
23 use requirement, but has a full cash value that exceeds 120 percent
24 of the full cash value of the structure if that property were not
25 contaminated, shall be considered, to the extent of the excess, not
26 similar in utility and size.

27 (3) “Substantially damaged” means the structure sustains
28 physical damage amounting to more than 50 percent of its full cash
29 value as if the property were not contaminated.

30 (4) To the extent that replacement property, or any portion
31 thereof, is not similar in function, size, and utility, the property, or
32 portion thereof, shall have a new base year value determined
33 pursuant to Section 110.1.

34 (c) Only the owner or owners of the property substantially
35 damaged or destroyed in the process of remediation of the
36 contamination, whether one or more individuals, partnerships,
37 corporations, other legal entities, or a combination thereof, shall
38 receive property tax relief under this section.

39 (d) In order to receive the exclusion provided for in this section,
40 the property owner shall notify the assessor in writing prior to, or

~~within 30 days of, completion of any project covered by this section that he or she intends to claim the exclusion.~~

~~(c) This section applies to new construction completed on or after January 1, 1995.~~

~~SEC. 5.—~~

SEC. 2. Section 75.11 of the Revenue and Taxation Code is amended to read:

75.11. (a) If the change in ownership occurs or the new construction is completed on or after January 1 but on or before May 31, then there shall be two supplemental assessments placed on the supplemental roll. The first supplemental assessment shall be the difference between the new base year value and the taxable value on the current roll. In the case of a change in ownership of the full interest in the real property, the second supplemental assessment shall be the difference between the new base year value and the taxable value to be enrolled on the roll being prepared. If the change in ownership is of only a partial interest in the real property, the second supplemental assessment shall be the difference between the sum of the new base year value of the portion transferred plus the taxable value on the roll being prepared of the remainder of the property and the taxable value on the roll being prepared of the whole property. For new construction, the second supplemental assessment shall be the value change due to the new construction.

(b) If the change in ownership occurs or the new construction is completed on or after June 1 but before the succeeding January 1, then the supplemental assessment placed on the supplemental roll shall be the difference between the new base year value and the taxable value on the current roll.

(c) If there are multiple changes in ownership or multiple completions of new construction, or both, with respect to the same real property during the same assessment year, then there shall be a net supplemental assessment placed on the supplemental roll, in addition to the assessment pursuant to subdivision (a) or (b). The net supplemental assessment shall be the most recent new base year value less the sum of (1) the previous entry or entries placed on the supplemental roll computed pursuant to subdivision (a) or (b), and (2) the corresponding taxable value on the current roll or the taxable value to be entered on the roll being prepared, or both, depending on the date or dates the change of ownership occurs or

new construction is completed as specified in subdivisions (a) and (b).

(d) No supplemental assessment authorized by this section shall be valid, or have any force or effect, unless it is placed on the supplemental roll on or before the applicable date specified in paragraph (1), (2), or (3), as follows:

(1) The fourth July 1 following the July 1 of the assessment year in which ~~either a statement reporting the change in ownership was filed pursuant to Section 480, 480.1, or 480.2, a preliminary change in ownership report was filed pursuant to Section 480.3, or the new construction was completed~~ *the event giving rise to the supplemental assessment occurred.*

(2) The sixth July 1 following the July 1 of the assessment year in which ~~either a statement reporting the change in ownership was filed pursuant to Section 480, 480.1, or 480.2, a preliminary change in ownership report was filed pursuant to Section 480.3, or the new construction was completed,~~ *the event giving rise to the supplemental assessment occurred,* if the penalty provided for in Section 504 is added to the assessment.

(3) The eighth July 1 following the July 1 of the assessment year in which the event giving rise to the supplemental assessment occurred, if the change in ownership or change in control was unrecorded and a change in ownership statement required by Section 480 or preliminary change in ownership report, as required by Section 480.3, was not timely filed.

(4) Notwithstanding paragraphs (1), (2), and (3), there shall be no limitations period on making a supplemental assessment, if the penalty provided for in Section 503 is added to the assessment.

For the purposes of this subdivision, “assessment year” means the period beginning annually as of 12:01 a.m. on the first day of January and ending immediately prior to the succeeding first day of January.

(e) If, before the expiration of the applicable period specified in subdivision (d) for making a supplemental assessment, the taxpayer and the assessor agree in writing to extend the period for making a supplemental assessment, correction, or claim for refund, a supplemental assessment may be made at any time prior to the expiration of that extended period. The extended period may be further extended by successive written agreements entered into prior to the expiration of the most recent extension.

1 SEC. 3. *Section 170 of the Revenue and Taxation Code is*
2 *amended to read:*

3 170. (a) Notwithstanding any provision of law to the
4 contrary, the board of supervisors may, by ordinance, provide that
5 every assessee of any taxable property, or any person liable for the
6 taxes thereon, whose property was damaged or destroyed without
7 his or her fault, may apply for reassessment of that property as
8 provided herein. *The ordinance may also specify that the assessor*
9 *may initiate the reassessment where the assessor determines that*
10 *within the preceding 12 months taxable property located in the*
11 *county was damaged or destroyed.*

12 To be eligible for reassessment the damage or destruction to the
13 property shall have been caused by any of the following:

14 (1) A major misfortune or calamity, in an area or region
15 subsequently proclaimed by the Governor to be in a state of
16 disaster, if that property was damaged or destroyed by the major
17 misfortune or calamity that caused the Governor to proclaim the
18 area or region to be in a state of disaster. As used in this paragraph,
19 “damage” includes a diminution in the value of property as a
20 result of restricted access to the property where that restricted
21 access was caused by the major misfortune or calamity.

22 (2) A misfortune or calamity.

23 (3) A misfortune or calamity that, with respect to a possessory
24 interest in land owned by the state or federal government, has
25 caused the permit or other right to enter upon the land to be
26 suspended or restricted. As used in this paragraph, “misfortune or
27 calamity” includes a drought condition such as existed in this state
28 in 1976 and 1977.

29 The application for reassessment may be filed within the time
30 specified in the ordinance, ~~or, if no time is specified, or within 60~~
31 ~~days~~ *12 months* of the misfortune or calamity, *whichever is later,*
32 by delivering to the assessor a written application requesting
33 reassessment showing the condition and value, if any, of the
34 property immediately after the damage or destruction, and the
35 dollar amount of the damage. The application shall be executed
36 under penalty of perjury, or if executed outside the State of
37 California, verified by affidavit.

38 An ordinance may be made applicable to a major misfortune or
39 calamity specified in paragraph (1) or to any misfortune or
40 calamity specified in paragraph (2), or to both, as the board of

supervisors determines. An ordinance may not be made applicable to a misfortune or calamity specified in paragraph (3), unless an ordinance making paragraph (2) applicable is operative in the county. The ordinance may specify a period of time within which the ordinance shall be effective, and, if no period of time is specified, it shall remain in effect until repealed.

(b) Upon receiving a proper application, the assessor shall appraise the property and determine separately the full cash value of land, improvements and personalty immediately before and after the damage or destruction. If the sum of the full cash values of the land, improvements and personalty before the damage or destruction exceeds the sum of the values after the damage by ~~five thousand dollars (\$5,000)~~ *ten thousand dollars (\$10,000)* or more, the assessor shall also separately determine the percentage reductions in value of land, improvements and personalty due to the damage or destruction. The assessor shall reduce the values appearing on the assessment roll by the percentages of damage or destruction computed pursuant to this subdivision, and the taxes due on the property shall be adjusted as provided in subdivision (e). However, the amount of the reduction shall not exceed the actual loss.

(c) The assessor shall notify the applicant in writing of the amount of the proposed reassessment. The notice shall state that the applicant may appeal the proposed reassessment to the local board of equalization within ~~14 days~~ *six months* of the date of mailing the notice. If an appeal is requested within the ~~14-day~~ *six-month* period, the board shall hear and decide the matter as if the proposed reassessment had been entered on the roll as an assessment made outside the regular assessment period. The decision of the board regarding the damaged value of the property shall be final, provided that a decision of the local board of equalization regarding any reassessment made pursuant to this section shall create no presumption as regards the value of the affected property subsequent to the date of the damage.

Those reassessed values resulting from reductions in full cash value of amounts, as determined above, shall be forwarded to the auditor by the assessor or the clerk of the local equalization board, as the case may be. The auditor shall enter the reassessed values on the roll. After being entered on the roll, those reassessed values

1 shall not be subject to review, except by a court of competent
2 jurisdiction.

3 (d) (1) If no application is made and the assessor determines
4 that within the preceding ~~six~~ 12 months a property has suffered
5 damage caused by misfortune or calamity that may qualify the
6 property owner for relief under an ordinance adopted under this
7 section, the assessor shall provide the last known owner of the
8 property with an application for reassessment. The property owner
9 shall file the completed application within ~~30~~ 60 days of *date of*
10 *mailing on* notification by the assessor but in no case more than ~~six~~
11 12 months after the occurrence of said damage. Upon receipt of a
12 properly completed, timely filed application, the property shall be
13 reassessed in the same manner as required in subdivision (b).

14 (2) *This subdivision does not apply where the assessor initiated*
15 *reassessment as provided in subdivision (a) or (l).*

16 (e) The tax rate fixed for property on the roll on which the
17 property so reassessed appeared at the time of the misfortune or
18 calamity, shall be applied to the amount of the reassessment as
19 determined in accordance with this section and the assessee shall
20 be liable for: (1) a prorated portion of the taxes that would have
21 been due on the property for the current fiscal year had the
22 misfortune or calamity not occurred, to be determined on the basis
23 of the number of months in the current fiscal year prior to the
24 misfortune or calamity; plus, (2) a proration of the tax due on the
25 property as reassessed in its damaged or destroyed condition, to be
26 determined on the basis of the number of months in the fiscal year
27 after the damage or destruction, including the month in which the
28 damage was incurred. For purposes of applying the preceding
29 calculation in prorating supplemental taxes, the term “fiscal year”
30 means that portion of the tax year used to determine the adjusted
31 amount of taxes due pursuant to subdivision (b) of Section 75.41.
32 If the damage or destruction occurred after January 1 and before
33 the beginning of the next fiscal year, the reassessment shall be
34 utilized to determine the tax liability for the next fiscal year.
35 However, if the property is fully restored during the next fiscal
36 year, taxes due for that year shall be prorated based on the number
37 of months in the year before and after the completion of
38 restoration.

39 (f) Any tax paid in excess of the total tax due shall be refunded
40 to the taxpayer pursuant to Chapter 5 (commencing with Section

5096) of Part 9, as an erroneously collected tax or by order of the board of supervisors without the necessity of a claim being filed pursuant to Chapter 5.

(g) The assessed value of the property in its damaged condition, as determined pursuant to subdivision (b) compounded annually by the inflation factor specified in subdivision (a) of Section 51, shall be the taxable value of the property until it is restored, repaired, reconstructed or other provisions of the law require the establishment of a new base year value.

If partial reconstruction, restoration, or repair has occurred on any subsequent lien date, the taxable value shall be increased by an amount determined by multiplying the difference between its factored base year value immediately before the calamity and its assessed value in its damaged condition by the percentage of the repair, reconstruction, or restoration completed on that lien date.

(h) (1) When the property is fully repaired, restored, or reconstructed, the assessor shall make an additional assessment or assessments in accordance with subparagraph (A) or (B) upon completion of the repair, restoration, or reconstruction:

(A) If the completion of the repair, restoration, or reconstruction occurs on or after January 1, but on or before May 31, then there shall be two additional assessments. The first additional assessment shall be the difference between the new taxable value as of the date of completion and the taxable value on the current roll. The second additional assessment shall be the difference between the new taxable value as of the date of completion and the taxable value to be enrolled on the roll being prepared.

(B) If the completion of the repair, restoration, or reconstruction occurs on or after June 1, but before the succeeding January 1, then the additional assessment shall be the difference between the new taxable value as of the date of completion and the taxable value on the current roll.

(2) On the lien date following completion of the repair, restoration, or reconstruction, the assessor shall enroll the new taxable value of the property as of that lien date.

(3) For purposes of this subdivision, “new taxable value” shall mean the lesser of the property’s (A) full cash value, or (B) factored base year value or its factored base year value as adjusted pursuant to subdivision (c) of Section 70.

(i) The assessor may apply Chapter 3.5 (commencing with Section 75) of Part 0.5 in implementing this section, to the extent that chapter is consistent with this section.

(j) This section applies to all counties, whether operating under a charter or under the general laws of this state.

(k) Any ordinance in effect pursuant to Section 155.1, 155.13, or 155.14 shall remain in effect according to its terms as if that ordinance was adopted pursuant to this section, subject to the limitations of subdivision (b).

~~(l) In lieu of subdivision (d),~~ *When the assessor does not have the general authority pursuant to subdivision (a) to initiate reassessments*, if no application is made and the assessor determines that within the preceding ~~six~~ 12 months a property has suffered damage caused by misfortune or calamity, that may qualify the property owner for relief under an ordinance adopted under this section, the assessor may, with the approval of the board of supervisors, reassess the *particular property for which approval was granted* as provided in subdivision (b) and notify the last known owner of the property of the reassessment.

SEC. 4. Section 205.5 of the Revenue and Taxation Code is amended to read:

205.5. (a) Property that is owned by, and that constitutes the principal place of residence of, a veteran is exempted from taxation on that part of the full value of the residence that does not exceed one hundred thousand dollars (\$100,000), if the veteran is blind in both eyes, has lost the use of two or more limbs, or if the veteran is totally disabled as a result of injury or disease incurred in military service. The one-hundred-thousand-dollar (\$100,000) exemption shall be one hundred fifty thousand dollars (\$150,000), in the case of an eligible veteran whose household income does not exceed the amount of forty thousand dollars (\$40,000), as adjusted for the relevant assessment year as provided in subdivision (g).

(b) For purposes of this section, “veteran” means either of the following:

(1) A veteran as specified in subdivision (o) of Section 3 of Article XIII of the Constitution without regard to any limitation contained therein on the value of property owned by the veteran or the veteran’s spouse.

(2) Any person who would qualify as a veteran pursuant to paragraph (1) except that he or she has, as a result of a

1 service-connected injury or disease died while on active duty in
2 military service. The United States Department of Veterans Affairs
3 shall determine whether an injury or disease is service connected.

4 (c) (1) Property that is owned by, and that constitutes the
5 principal place of residence of, the unmarried surviving spouse of
6 a veteran is exempt from taxation on that part of the full value of
7 the residence that does not exceed one hundred thousand dollars
8 (\$100,000), in the case of a veteran who was blind in both eyes, had
9 lost the use of two or more limbs, or was totally disabled provided
10 that either of the following conditions is met:

11 (A) The deceased veteran during his or her lifetime qualified in
12 all respects for the exemption or would have qualified for the
13 exemption under the laws effective on January 1, 1977, except that
14 the veteran died prior to January 1, 1977.

15 (B) The veteran died from a disease that was service connected
16 as determined by the United States Department of Veterans
17 Affairs.

18 The one-hundred-thousand-dollar (\$100,000) exemption shall
19 be one hundred fifty thousand dollars (\$150,000), in the case of an
20 eligible unmarried surviving spouse whose household income
21 does not exceed the amount of forty thousand dollars (\$40,000),
22 as adjusted for the relevant assessment year as provided in
23 subdivision (g).

24 (2) Commencing with the 1994–95 fiscal year, property that is
25 owned by, and that constitutes the principal place of residence of,
26 the unmarried surviving spouse of a veteran as described in
27 paragraph (2) of subdivision (b) is exempt from taxation on that
28 part of the full value of the residence that does not exceed one
29 hundred thousand dollars (\$100,000). The
30 one-hundred-thousand-dollar (\$100,000) exemption shall be one
31 hundred fifty thousand dollars (\$150,000), in the case of an
32 eligible unmarried surviving spouse whose household income
33 does not exceed the amount of forty thousand dollars (\$40,000),
34 as adjusted for the relevant assessment year as provided in
35 subdivision (g).

36 (d) As used in this section, “property that is owned by a
37 veteran” or “property that is owned by the veteran’s unmarried
38 surviving spouse” includes all of the following:

39 (1) Property owned by the veteran with the veteran’s spouse as
40 a joint tenancy, tenancy in common, or as community property.

1 (2) Property owned by the veteran or the veteran's spouse as
2 separate property.

3 (3) Property owned with one or more other persons to the
4 extent of the interest owned by the veteran, the veteran's spouse,
5 or both the veteran and the veteran's spouse.

6 (4) Property owned by the veteran's unmarried surviving
7 spouse with one or more other persons to the extent of the interest
8 owned by the veteran's unmarried surviving spouse.

9 (5) So much of the property of a corporation as constitutes the
10 principal place of residence of a veteran or a veteran's unmarried
11 surviving spouse when the veteran, or the veteran's spouse, or the
12 veteran's unmarried surviving spouse is a shareholder of the
13 corporation and the rights of shareholding entitle one to the
14 possession of property, legal title to which is owned by the
15 corporation. The exemption provided by this paragraph shall be
16 shown on the local roll and shall reduce the full value of the
17 corporate property. Notwithstanding any provision of law or
18 articles of incorporation or bylaws of a corporation described in
19 this paragraph, any reduction of property taxes paid by the
20 corporation shall reflect an equal reduction in any charges by the
21 corporation to the person who, by reason of qualifying for the
22 exemption, made possible the reduction for the corporation.

23 (e) For purposes of this section, being blind in both eyes means
24 having a visual acuity of 5/200 or less, or concentric contraction
25 of the visual field to 5 degrees or less; losing the use of a limb
26 means that the limb has been amputated or its use has been lost by
27 reason of ankylosis, progressive muscular dystrophies, or
28 paralysis; and being totally disabled means that the United States
29 Department of Veterans Affairs or the military service from which
30 the veteran was discharged has rated the disability at 100 percent
31 or has rated the disability compensation at 100 percent by reason
32 of being unable to secure or follow a substantially gainful
33 occupation.

34 (f) An exemption granted to a claimant in accordance with the
35 provisions of this section shall be in lieu of the veteran's exemption
36 provided by subdivisions (o), (p), (q), and (r) of Section 3 of
37 Article XIII of the Constitution and any other real property tax
38 exemption to which the claimant may be entitled. No other real
39 property tax exemption may be granted to any other person with
40 respect to the same residence for which an exemption has been



granted under the provisions of this section; provided, that if two or more veterans qualified pursuant to this section coown a property in which they reside, each is entitled to the exemption to the extent of his or her interest.

(g) Commencing on January 1, 2002, and for each assessment year thereafter, the household income limit shall be compounded annually by an inflation factor that is the annual percentage change, measured from February to February of the two previous assessment years, rounded to the nearest one-thousandth of 1 percent, in the California Consumer Price Index for all items, as determined by the California Department of Industrial Relations.

~~SEC. 6. Section 833 of the Revenue and Taxation Code is amended to read:~~

~~833. (a) Except as provided herein, all information required by the board or furnished in the property statement shall be held secret by the board. Information and records in the board's office that are not required to be kept or prepared by the board are not public documents and are not open to public inspection.~~

~~(b) This section shall not apply to any map filed pursuant to Section 326.~~

~~(c) Except as provided in Section 38706, the board may provide any assessment data in its possession to the assessor of any county. When requested by resolution of the board of supervisors of any county, or the city council of any city which prepares its own local roll, the board shall permit the auditor or the assessor of the county or city, or any duly authorized deputy or employee of that officer, to examine any and all records of the board. Confidential information, records, and appraisal data obtained by any person or entity pursuant to this subdivision shall remain confidential.~~

~~(d) The board shall disclose information, furnish abstracts or permit access to any and all of its records to or by law enforcement agencies, grand juries, and other duly authorized legislative or administrative officials of the state pursuant to their authorization to examine these records.~~

~~(e) The board also may disclose information, records, and appraisal data relating to state assessment of companies engaged in interstate commerce to tax officials of other states having duties corresponding to those described by this chapter. This disclosure shall be limited to instances in which there is a reciprocal exchange of information by the states in which the interstate companies~~

1 ~~operate, and shall be made only pursuant to a written agreement~~
2 ~~between the agencies involved. This agreement shall provide that~~
3 ~~any request for information be in writing, shall specify the~~
4 ~~information to be exchanged, and shall require that any~~
5 ~~information furnished be used solely for tax administration~~
6 ~~purposes and otherwise shall be held secret. This agreement shall~~
7 ~~also provide that any information furnished be disclosed only to~~
8 ~~those persons whose duties or responsibilities require access and~~
9 ~~shall require that necessary safeguards be implemented to protect~~
10 ~~the confidentiality of the information. The request for information~~
11 ~~and any written material furnished pursuant to the request shall be~~
12 ~~open to inspection by the person to whom the information relates~~
13 ~~at the office of the board in Sacramento.~~

14 ~~(f) Upon receiving any request for confidential information~~
15 ~~from any person or entity described in subdivision (c) or (e), the~~
16 ~~board shall promptly notify the state assessee to which the request~~
17 ~~relates of the identity of the person or entity requesting the~~
18 ~~information and a description of the information sought. Upon~~
19 ~~sending any information in response to the request, the board shall~~
20 ~~simultaneously provide to the state assessee to which the request~~
21 ~~relates notification describing the information so transmitted and~~
22 ~~the identity of the person or entity to whom the information was~~
23 ~~transmitted.~~

24 *SEC. 5. Section 532 of the Revenue and Taxation Code is*
25 *amended to read:*

26 532. (a) Except as provided in subdivision (b), any
27 assessment made pursuant to either Article 3 (commencing with
28 Section 501) or this article shall be made within four years after
29 July 1 of the assessment year in which the property escaped
30 taxation or was underassessed.

31 (b) (1) Any assessment to which the penalty provided for in
32 Section 504 must be added shall be made within six years after July
33 1 of the assessment year in which the property escaped taxation or
34 was underassessed.

35 (2) Any assessment resulting from an unrecorded change in
36 ownership or change in control for which either a change in
37 ownership statement, as required by Section 480 or a preliminary
38 change in ownership report, as required by Section 480.3, is not
39 filed with respect to the event giving rise to the escape assessment
40 or underassessment shall be made within eight years after July 1

1 of the assessment year in which the property escaped taxation or
2 was underassessed. For purposes of this paragraph, an
3 “unrecorded change in ownership or change in control” means a
4 deed or other document evidencing a change in ownership that was
5 not filed with the county recorder’s office at the time the event took
6 place.

7 (3) Notwithstanding paragraphs (1) and (2), in the case where
8 property has escaped taxation, in whole or in part, or has been
9 underassessed, following a change in ownership *or change in*
10 *control* and either the penalty provided for in Section 503 must be
11 added or a change in ownership statement, as required by Section
12 480.1 or 480.2 was not filed with respect to the event giving rise
13 to the escape assessment or underassessment, an escape
14 assessment shall be made for each year in which the property
15 escaped taxation or was underassessed.

16 (c) For purposes of this section, “assessment year” means the
17 period defined in Section 118.

18 *SEC. 6. Section 830 of the Revenue and Taxation Code is*
19 *amended to read:*

20 830. (a) If the request of the board is mailed before the lien
21 date as defined in Section 722, the property statement shall be filed
22 with the board by March 1, and shall be in such detail as the board
23 may prescribe.

24 (b) If the request of the board is mailed on or after the first day
25 of January following the lien date, the property statement shall be
26 filed with the board within 60 days after the request is mailed.

27 (c) Except as hereinafter provided, if any person fails to file the
28 property statement, in whole or in part, by March 1, or by that later
29 date to which the filing period is extended pursuant to subdivision
30 (b) or Section 830.1, a penalty shall be added to the full value of
31 the assessment of so much of the property as is not timely reported
32 as follows:

33 (1) For any part of the property statement relating to the
34 development of the unit value of operating property, the penalty
35 shall be 10 percent of the unit value.

36 (2) For any part of the property statement, *not relating to the*
37 *development of the unit value of operating property*, that lists or
38 describes specific operating property, the penalty shall be 10
39 percent of the allocated value of the property, which penalty shall
40 be added to the unit value.

(3) For any part of the property statement that lists or describes specific nonunitary property, the penalty shall be 10 percent of the value of the property.

(4) If the failure to timely file a property statement is due to a fraudulent or willful attempt to evade the tax, a penalty of 25 percent of the assessed value of the estimated assessment shall be added to the assessment. A willful failure to file a property statement as required by Article 5 (commencing with Section 826) shall be deemed to be a willful attempt to evade the tax.

(5) No penalty added pursuant to paragraph (1), (2), (3), or (4) shall may exceed twenty million dollars (\$20,000,000) of full value. In addition, if a penalty has been added pursuant to paragraph (1), (2), or (3), if a claim for refund seeking the recovery of that penalty has been filed by the state assessee contesting the penalty within three months of the due date of the second installment, and the state assessee initiates an action in the superior court within one year of the filing of the claim for refund, the state assessee shall is not be subject to any further penalties on subsequent assessments for failure to comply with any subsequent request seeking information or data with respect to the same issue as set forth in the claim for refund filed within the time limits set forth above, until the assessment year after a final decision of the court, and then only with respect to a failure to comply with a request for information with respect to assessments after a final decision of the court. For purposes of this paragraph, “same issue” means the type of information ~~which~~ that is the subject of the disputed request for information.

(d) Any person who subscribes to the board’s tax rate area change service and who receives a change mailed between April 1 and May 1, shall file a corrected statement no later than May 30 with respect to those parts of the property statement ~~which~~ that are affected by the change.

If that person receives a change mailed after May 1, a corrected statement shall be filed no later than the 60th day following the mailing of that change.

(e) Penalties incurred for filings received after June 30 may be included with the assessments for the succeeding fiscal year.

(f) If the assessee establishes to the satisfaction of the board that the failure to file the property statement or any of its parts within the time required by this section was due to reasonable cause and

occurred notwithstanding the exercise of ordinary care and the absence of willful neglect, the board shall order the penalty abated, provided the assessee has filed with the board written application for abatement of the penalty within the time prescribed by law for the filing of applications for assessment reductions.

SEC. 6.5. *Section 830.1 of the Revenue and Taxation Code is amended to read:*

830.1. Notwithstanding Section 15620 of the Government Code, the board, by order entered upon its minutes and for good cause shown, may extend the time fixed for filing portions of the property statement as follows:

(a) For any part of the property statement relating to the development of the unit value of ~~the~~ operating property, an extension not exceeding 45 days may be granted.

(b) For any part of the property statement, *not relating to the development of the unit value of operating property*, that lists or describes specific operating property, an extension not exceeding 30 days may be granted.

(c) For any part of the property statement that lists or describes specific nonunitary property, an extension not exceeding 30 days may be granted.

(d) If an extension is granted pursuant to subdivision (a), (b), or (c), an additional 15-day extension may be granted upon the showing of extraordinary circumstances which prevent the filing of the statement within the first extension.

SEC. 7. *Section 1606 of the Revenue and Taxation Code is amended to read:*

1606. (a) (1) Any applicant for a change of an assessment on the local roll or the assessor, in those cases where the assessed value of the property involved, as shown on the current assessment roll, exceeds one hundred thousand dollars (\$100,000) without regard to any exemptions, may initiate an exchange of information with the other party by submitting the following data to the other party and the clerk in writing:

(A) Information stating the basis of the party's opinion of value.

(B) When the opinion of value is to be supported with evidence of comparable sales, information identifying the properties with sufficient certainty such as by assessor parcel number, street address or legal description of the property, the approximate date

1 of sale, the applicable zoning, the price paid, and the terms of the
2 sale, if known.

3 (C) When the opinion of value is to be supported with evidence
4 based on an income study, information relating to income,
5 expenses and the capitalization method.

6 (D) When the opinion of value is to be supported with evidence
7 of replacement costs, information relating to date of construction,
8 type of construction, replacement cost of construction,
9 obsolescence, allowance for extraordinary use of machinery and
10 equipment, and depreciation allowances.

11 (2) To initiate an exchange of information, the initiating party
12 shall submit the data required by paragraph (1) at least 30 days
13 before the commencement of the hearing on the application. For
14 purposes of determining the date upon which the exchange was
15 deemed initiated, the date of postmark as affixed by the United
16 States Postal Service, or the date certified by a bona fide private
17 courier service on the envelope or package containing the
18 information shall control.

19 (b) (1) Notwithstanding any limitation on assessed value
20 contained in subdivision (a), if the initiating party has submitted
21 the data required by subdivision (a) within the specified time, the
22 other party shall submit to the initiating party and the clerk the
23 following data:

24 (A) Information stating the basis of the other party's opinion of
25 value.

26 (B) When the opinion of value is to be supported with evidence
27 of comparable sales, information identifying the properties with
28 sufficient certainty such as by assessor parcel number, street
29 address or legal description of the property, the approximate date
30 of sale, the applicable zoning, the price paid, and the terms of the
31 sale, if known.

32 (C) When the opinion of value is to be supported with evidence
33 based on an income study, information relating to income,
34 expenses and the capitalization method.

35 (D) When the opinion of value is to be supported with evidence
36 of replacement cost, information relating to date of construction,
37 type of construction, replacement cost of construction,
38 obsolescence, allowance for extraordinary use of machinery and
39 equipment, and depreciation allowance.

(2) The other party shall submit the data required by this subdivision at least 15 days prior to the hearing. For purposes of determining the date upon which the other party responded to the exchange, the date of postmark as affixed by the United States Postal Service, or the date certified by a bona fide private courier service on the envelope or package containing the information shall control.

(c) (1) The person assigning a hearing date shall provide adequate notice to the parties of the date, so that the exchange of information permitted by this section can be made without requiring a continuance of the hearing.

(2) The initiating party and the other party shall use adequate methods of submission to ensure to the best of their ability that the exchange of information process is completed at least 10 days prior to the hearing.

(d) Whenever information has been exchanged pursuant to this section the parties may not introduce evidence on matters not so exchanged unless the other party consents to the introduction. However, at the hearing, each party may introduce new material relating to the information received from the other party. If a party introduces new material at the hearing, the other party, upon his or her request, shall be granted a continuance for a reasonable period of time.

(e) Nothing in this section may be construed as an intent of the Legislature to change, alter or modify generally acceptable methods of using the sales approach, income approach, or replacement cost approach to determine full cash value.

SEC. 8. Section 5814 of the Revenue and Taxation Code is amended to read:

5814. (a) For purposes of this part, “change in ownership” and “purchase” shall have the same meanings as provided in Sections 60 to 68, inclusive, to the extent applicable. The operative dates of those sections shall be controlling in the determination of whether a change in ownership or purchase of a manufactured home has occurred.

(b) As used in Sections 60 to 68, inclusive, the term “real property” includes a manufactured home that is subject to tax under this part.

SEC. 9. Section 11338 of the Revenue and Taxation Code is amended to read:

1 11338. (a) The owner or assessee may file a petition for
2 reassessment on or before September 20. If the petition is not filed
3 on or before September 20, or, if the period is extended by the
4 board, by October 5, the assessment of the board shall be final.

5 (b) The board may extend the period for filing a petition until
6 October 5 provided a written request for the extension is filed with
7 the board on or before September 20.

8 (c) The board shall hear the applicant on such petition on or
9 before January 31.

10 SEC. 10. Section 11339 of the Revenue and Taxation Code is
11 amended to read:

12 11339. (a) Any assessment made outside of the regular
13 assessment period may be the subject of a petition for
14 reassessment. A petition for reassessment may be filed on or
15 before the 50th day following the date of the notice of assessment.

16 (b) The board may extend the deadline for filing a petition for
17 a period not to exceed 15 days, provided a written request for the
18 extension is filed with the board on or before the expiration of the
19 period for which the extension may be granted.

20 (c) If a petition for reassessment is not timely filed, the
21 assessment of the board shall be final. The board may consider a
22 petition which is not timely filed to be a claim for refund.

23 (d) The board shall hear the applicant on the petition within 90
24 days of the date on which the petition was filed.

25 SEC. 11. *The Legislature finds and declares that the*
26 *amendments made by this act to Sections 830 and 830.1 of the*
27 *Revenue and Taxation Code are declaratory of existing law.*

28 SEC. 12. Notwithstanding Section 17610 of the Government
29 Code, if the Commission on State Mandates determines that this
30 act contains costs mandated by the state, reimbursement to local
31 agencies and school districts for those costs shall be made pursuant
32 to Part 7 (commencing with Section 17500) of Division 4 of Title
33 2 of the Government Code. If the statewide cost of the claim for
34 reimbursement does not exceed one million dollars (\$1,000,000),
35 reimbursement shall be made from the State Mandates Claims
36 Fund.